

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to interest received after December 31, 1995, with respect to obligations issued after such date.

SEC. 07. SOURCE OF INCOME FROM CERTAIN SALES OF INVENTORY PROPERTY.

(a) **GENERAL RULE.**—Subsection (b) of section 865 of the Internal Revenue Code of 1986 (relating to exception for inventory property) is amended to read as follows:

“(b) **INVENTORY PROPERTY.**—

“(1) **INCOME ATTRIBUTABLE TO PRODUCTION ACTIVITY.**—In the case of income from the sale of inventory property produced (in whole or in part) by the taxpayer—

“(A) a portion (determined under regulations) of such income shall be allocated to production activity (and sourced in the United States or outside the United States depending on where such activity occurs), and

“(B) the remaining portion of such income shall be sourced under the other provisions of this section.

The regulations prescribed under subparagraph (A) shall provide that at least 50 percent of such income shall be allocated to production activities.

“(2) **SALES INCOME.**—

“(A) **UNITED STATES RESIDENTS.**—Income from the sale of inventory property by a United States resident shall be sourced outside the United States if—

“(i) the property is sold for use, consumption, or disposition outside the United States and an office or another fixed place of business of the taxpayer outside the United States participated materially in the sale, and

“(ii) such sale is not (directly or indirectly) to an affiliate of the taxpayer.

“(B) **NONRESIDENT.**—Income from the sale of inventory property by a nonresident shall be sourced in the United States if—

“(i) the taxpayer has an office or other fixed place of business in the United States, and

“(ii) such sale is through such office or other fixed place of business.

This subparagraph shall not apply if the requirements of clauses (i) and (ii) of subparagraph (A) are met with respect to such sale.

“(3) **COORDINATION WITH TREATIES.**—For purposes of paragraph (2)(A)(i), a United States resident shall not be treated as having an office or fixed place of business in a foreign country if a treaty prevents such country from imposing an income tax on the income.”

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply to income from sales occurring after December 31, 1995.

SEC. 08. ENHANCEMENT OF BENEFITS FOR FOREIGN SALES CORPORATIONS.

(a) **IN GENERAL.**—Subsection (a) of section 923 of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (2), by striking “32 percent” and inserting “34 percent”, and

(2) in paragraph (3), by striking “¹⁶/₂₃” and inserting “¹⁷/₂₃”.

(b) **SPECIAL RULES RELATING TO CORPORATE PREFERENCE ITEMS.**—Paragraph (4) of section 291(a) of such Code is amended—

(1) in subparagraph (A), by striking “30 percent” for “32 percent” and inserting “32 percent” for “34 percent”, and

(2) in subparagraph (B), by striking “¹⁵/₂₃” for “¹⁶/₂₃” and inserting “¹⁶/₂₃” for “¹⁷/₂₃”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

D'AMATO AMENDMENT NO. 2678

Mr. SANTORUM (for Mr. D'AMATO) proposed an amendment to amendment

No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

(1) Except as provided in paragraph (2) of this subsection, in order for an eligible State to receive funds pursuant to Title I of this Act after April 1, 1996, the State shall enact legislation establishing a program fully conforming to the requirements of this Act by that date AND EFFECTIVE ON THE DATE OF DISCONTINUANCE OF THE STATE'S AFDC PROGRAM, IN ACCORDANCE WITH SECTION 112 OF THIS ACT.

(2) In the case of a State whose legislature meets biennially, and does not have a regular session scheduled in calendar year 1996, the requirement contained in paragraph (1) of this subsection shall be effective no later than the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of enactment of this Act.

KERRY AMENDMENT NO. 2679

Mr. MOYNIHAN (for Mr. KERRY) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra, as follows:

On page 124, beginning on line 16, strike all through page 127, line 2.

On page 127, line 3, strike “SEC. 202.” and insert “SEC. 201.”

On page 128, line 14, strike “SEC. 203.” and insert “SEC. 202.”

On page 129, line 7, strike “SEC. 204.” and insert “SEC. 203.”

On page 129, beginning on line 9, strike all through line 12, and insert:

(a) **IN GENERAL.**—Section 1611(e) (42 U.S.C. 1382(e)) is amended by adding at the end the following new paragraph:

On page 129, line 13, strike “(3)” and insert “(6)”.

On page 131, line 6, strike “SEC. 205.” and insert “SEC. 204.”

On page 131, line 5, strike “Sections 201 and 202” and insert “Section 201”.

On page 131, lines 7 and 8, strike “sections 201 and 202” and insert “section 201”.

On page 131, line 21, strike “or 202”.

On page 132, beginning on line 19, strike all through page 133, line 9.

On page 133, line 11, strike “sections 203 and 204” and insert “sections 202 and 203”.

On page 133, lines 17 and 18, strike “, as amended by section 201(a),”.

HARKIN AMENDMENT NO. 2680

Mr. MOYNIHAN (for Mr. HARKIN) proposed an amendment to amendment No. 2280 proposed by Mr. DOLE to the bill H.R. 4, supra; as follows:

At the appropriate place insert the following:

SEC. . SENSE OF THE SENATE REGARDING COMPETITIVE BIDDING FOR INFANT FORMULA.

(a) **IN GENERAL.**—The Senate finds that—

(1) the federal Supplemental Nutrition Program for Women, Infants and Children (WIC) is a proven success story, providing special nutrition and health assistance to at-risk pregnant women, infants and children;

(2) WIC has been shown to reduce the incidence of fetal death, low birthweight, infant mortality and anemia, to increase the nutritional and health status of pregnant women, infants and children and to improve the cognitive development of infants and children;

(3) research has shown that each dollar spent on WIC for pregnant women results in savings of \$1.92 to \$4.21 in Medicaid expenditures;

(4) because of funding limitations not all individuals eligible for WIC assistance are served by the program;

(5) infant formula is a significant item in the cost of WIC monthly food packages, amounting to approximately 26 percent of WIC food costs after subtracting manufacturer's rebates, but approximately 48 percent of food costs prior to applying rebates;

(6) rebates obtained through competitive bidding for infant formula have reduced the cost of infant formula for WIC participants by approximately \$4.1 billion through the end of fiscal year 1994, allowing millions of additional pregnant women, infants and children to be served by WIC with the limited funds available;

(7) the Department of Agriculture has estimated that in fiscal year 1995 rebates obtained through competitive bidding for infant formula will total over \$1 billion, which will enable WIC to serve approximately 1.6 million additional women, infants and children; and

(8) because of the very substantial cost savings involved, Congress enacted in 1989 legislation requiring that states administering the WIC program conduct competitive bidding for infant formula.

(b) **SENSE OF THE SENATE.**—It is the Sense of the Senate that any legislation enacted by Congress should not eliminate or in any way weaken the present competitive bidding requirements for the purchase of infant formula with respect to any program supported wholly or in part by federal funds.

AUTHORITY FOR COMMITTEE TO MEET

SUBCOMMITTEE ON TERRORISM, TECHNOLOGY, AND GOVERNMENT INFORMATION

Mr. GRASSLEY, Mr. President, I ask unanimous consent that the Subcommittee on Terrorism, Technology, and Government Information of the Committee on the Judiciary be authorized to meet during the session of the Senate on Friday, September 8, 1995, at 10 a.m. in SH-216 to hold a hearing on “The Ruby Ridge Incident.”

The PRESIDING OFFICER. Without objection, it is so ordered.

IMPROVED RELATIONS BETWEEN TURKEY AND ARMENIA

Mr. SIMON, Mr. President, sometimes the good news that we get comes in small pieces that we hope portend better things to come.

The recent agreement between Turkey and Armenia for an air corridor is a small step toward improved relations between those two countries but, nevertheless, it is a positive development. It would be a mistake to exaggerate it, but it would be a mistake to ignore it.

I noticed that when Prime Minister Tansu Ciller visited Azerbaijan, she returned to Turkey by way of the corridor over Armenia and was the first high-ranking Turkish official to use the air corridor. While she traveled, she congratulated Armenian President Levon Ter-Petrossian on the victory of his party in the July 5th parliamentary elections in Turkey.

These concessions seems small, indeed, and they are small. But I hope they can result in improvements.

I recall, about 2 years ago, flying in a U.S. military plane to Armenia. The Turkish Government would not let us fly over Turkey to go to Armenia—

strange conduct on the part of a government that has been helped in a substantial way over the years by the United States.

It was an action taken that was not so much adverse to the United States as adverse to Armenia.

In noting this step forward in better relations between Turkey and Armenia, it must also be noted with regret that Turkish President Suleyman Demirel refuses to use the corridor over Armenia.

I hope he can overcome his fears or his hatreds enough to do that one of these days.

And I hope the use of the air corridor over Armenia by the Turkish Prime Minister will be followed with more significant actions by Turkey and Armenia.

A TRIBUTE TO REBEKAH HARLESTON

• Mr. MCCONNELL. Mr. President, I rise here today to pay tribute to Rebekah M. Harleston, a pioneer in the field of documents librarians. Ms. Harleston died on October 14, 1994, after dedicating more than two decades of her life to public service. Her innovative work as a reference and government documents librarian has been widely recognized and appreciated, and today the public still reaps the benefits of her lasting contribution to this field.

Ms. Harleston was a powerful driving force behind improvements to the libraries of Kentucky and the Nation. She worked as a reference and government documents librarian within the University of Kentucky [UK] Library system from July 1, 1958 until her retirement on June 30, 1983. During her time at the University of Kentucky, the UK libraries became both the regional depository library for the Commonwealth of Kentucky and a United Nations depository library. She was a charter member of the Government Documents Round Table of the American Library Association and chaired the Kentucky Library Association's Government Documents Round Table. In addition, she collaborated with Carla Stoffle, currently dean of the University of Arizona libraries, in writing what was then considered the definitive book on depository libraries, "Administration of Government Document Collections."

Mr. President, this woman's dedication and exemplary work are illustrated by the many fond recollections of her colleagues. They speak of her as an excellent teacher who mentored many documents librarians, and they recall her "infectious enthusiasm for government reference work." Her dedication and accomplishments as a professional are truly admirable.

As a public servant, Rebekah Harleston made lasting contributions to the state of Kentucky and the Nation. It is my honor to pay tribute today to this representative of Kentucky—a tireless, dedicated public

servant, a woman to be emulated and admired.●

THEY PLAY TO LOSE

• Mr. SIMON. Mr. President, some weeks ago, I gave a lengthier than usual talk on the floor of the Senate about the growing problem of legalized gambling in the United States.

This is not a phenomenon only in the United States. The Jerusalem Post contained an article about the problem in Israel. The title of this article: "They play to lose."

The subhead is: "Compulsive gambling is a disease that gradually overwhelms one's life, Ruth Beker writes."

There is an unfavorable reference to the United States.

The article quotes a Dr. Yair Caspi as saying: "Together with an increase in use of alcohol and drugs, gambling is part of a general addictive phenomenon growing rapidly in Israel, trying to be little America."

I ask that the article be printed in the RECORD.

The article follows:

[From the Jerusalem Post, March 25, 1995]

THEY PLAY TO LOSE—COMPULSIVE GAMBLING IS A DISEASE THAT GRADUALLY OVERWHELMS ONE'S LIFE, RUTH BEKER WRITES

Gambling is a gate to dangerously false hope.

For Michael, 53, a compulsive gambler, it was sweet at the beginning, hell at the end, and many things in between.

Michael's sickness—for that's what it is—is rooted in the Holocaust.

When he was six months old, he was given to a Gentile family for safekeeping before his parents were sent to Bergen Belsen, where his mother died. "After the war [my father] found me and took me home. When I was eight he remarried. It was disastrous.

"My father and stepmother always punished me harshly for no reason. Once I spent three months in my room on bread and water. I was never allowed to play outside. My father forced me to wear a skullcap to school. This was very cruel as we lived in a Gentile neighborhood.

"My father and stepmother crushed my spirit and destroyed my willpower. I could not think for myself, make any decisions. My self-confidence was shot. I'm still afraid of my father and he's been dead for years."

Such a background, according to at least one expert in the field, is typical.

"A compulsive gambler is like someone who touches a hot stove, gets burned yet keeps coming back for more," explains Don Lavender, clinical coordinator at Arizona's Sierra Tucson Treatment Center for Psychological and Emotional Disorders. He was in Israel recently to give a one-week workshop at the new Herzliya Medical Center for Addictions at Beit Oren.

Gambling becomes the lover, the best friend, the only comfort as the sufferer runs from a pain he cannot deal with, Lavender explains.

"I didn't know I was addicted, but I knew something was wrong if I organized my whole day around gambling," Michael continues. "At first gambling was fun, a diversion. Then it became a habit I couldn't live without and finally an escape for all my problems. I spent my business money, my children's money, everyone's money.

"My wife knew nothing about my gambling. I was a great liar and came home with

a thousand stories. I was clever at "combinations," the expertise of every gambler. I hid the truth brilliantly from everyone, including myself.

"I was in a trance, in a blackout when I played. Lost to the world. If the man next to me dropped dead I wouldn't look up. I wouldn't go to the bathroom.

"I could feel the adrenaline pumping in me while I was playing. I felt alive.

"You always lose. I didn't care. A compulsive gambler *plays*; it doesn't matter if he wins or loses. It has nothing to do with money.

"I know I have tons of anger in me and I can't let it go. I'm afraid to show my anger or any other emotion. I'm afraid to be myself.

"Nothing was sacred. I gambled everything away. If I had money to pay the bills, I gambled it away.

"Because gambling isn't physical like drugs or alcohol, it is hard for people to understand what a dangerous addiction it is," warns Michael. "It sneaks up on you.

"Win or lose, I kept playing. I couldn't stop. My business was ruined. I owed money everywhere. I couldn't sleep. Suicide seemed the only way to go. Gambling had gobbled up my life."

At that desperate point, Michael read about Penina Eldar's gambling disorder clinic. The treatment has been successful so far. "I can't ever gamble again, not even for a penny," he insists.

Eldar opened the Center for Compulsive Gambling in Jerusalem in 1991, and recently opened a branch in the Center for Alternative Medicine in Tel Aviv.

"The Jewish people are more vulnerable to this disorder than others because of their troubled history," Michael says. "The Holocaust had a lot to do with all this."

Dr. Yair Caspi, a lecturer in addiction at the Hebrew University Law School and the Tel Aviv School of Social Work, defines a compulsive gambler: "What place has gambling in his life? Does he think about it all the time? Is every vacation planned around it, whether the casino is in Turkey, Egypt or Rio?"

"Gambling gives you the same high you get from drugs. It's easy money. You don't have to work, you just play games," said Dr. Val Velkes, co-director with Dr. Pinhas Harris of the Herzliya Medical Center's addiction clinic.

"People here are addicted to Lotto, Hish Gad, Toto, all the state lottery games," says Harris. "Gambling is much more of a problem here than anyone wants to admit." He adds that Jews are big gamblers.

"The mania of gambling sweeping Israel is going to cause lots of problems," Penina Eldar warns.

"Eldar is former director of the department for the treatment of alcoholics at the Ministry of Labor and Social Affairs, and founded Alcoholics Anonymous 20 years ago.

"Now with credit and access cards you can phone around the world and bet on any sporting event you want, a dangerous and tempting situation for compulsive gamblers and people vulnerable in that direction," she warns.

Eldar began the gambling program four years ago, but despite extensive media attention and an advertising campaign, "of the 100 people who came to talk to me, only 50 decided on treatment."

"That in itself is no part of the problem. "It is very hard for a compulsive gambler to admit his sickness," she says. "Today we are treating 12 people in intensive treatment and 30 in group therapy. It is a commitment many are not ready to take."

"Eldar's method of treatment is more attractive than that used in Spain and France,